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Riley to sign schools budget despite concerns

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DAVID WHITE

News staff writer

MONTGOMERY - Gov. Bob Riley said Monday that, despite some concern, he plans to sign into law a state education budget for next year that would spend \$6.36 billion from the Education Trust Fund, a drop of 5.5 percent, from this year's record spending.

The budget, passed by the Legislature May 31 in a special session, will die unless Riley signs it by midnight tonight. "We're going to go ahead and sign it," Riley said in an interview.

Some critics, such as state Sen. Scott Beason, R-Gardendale, say they doubt the trust fund will raise the \$6.36 billion appropriated by the budget for the year starting Oct. 1. They note that the Legislative Fiscal Office predicts the trust fund will collect \$132 million less than its approved spending level.

Education spending next year could have to be prorated, or cut across the board, if tax collections were to fall below Riley's projections for the trust fund, which is the main source of state tax dollars for public schools and colleges.

Riley said he felt more confident the trust fund would raise enough money to fully fund the budget before the finance department reported that tax collections for the trust fund in October through May, the first eight months of Alabama's fiscal year, grew by 0.2 percent compared to the same period a year earlier, far less than budget-writers forecast.

That was a sharp drop from the 4.2 percent growth recorded in the first seven months of the fiscal year. The trust fund would lose roughly \$60 million for each 1 percent drop in growth for the entire year.

"A month ago, I really felt a little more comfortable about it," Riley said. "A month later, I feel a little less comfortable. What's going to happen next month, I don't know."

"It's a very fluid economy now," Riley said, adding that he hopes tax collections for the trust fund will recover. The trust fund gets most of its money from state income taxes and sales taxes, which tend to rise and fall with the economy.

"The differences between last month and this month, were they dramatic? They were," Riley said. "Can they turn around? I hope so."